

Dear Market Advisory Committee,

Global CO2 emissions are now increasing at a rate over **30% higher than the worst-case climate scenario** in the UN's IPCC report. This is no time for delays or half-measures. This is a planetary emergency. I believe a cap-and-auction and other permit systems should be implemented by 2010 and must be based on the following principles:

- In view of the AB 32 maximum feasibility requirement, attainment of the emission cap in 2020 is a minimal requirement, not a sufficient requirement for compliance with the statute. To the extent that emission reductions below the cap are demonstrably feasible and cost-effective, they are required (not just by statute, but also by imperatives of climate change), and policy instruments should be constructed to achieve maximum feasible reductions.
- Polluters must pay to use the atmosphere; there should be **100% auction of permits, no giveaways**. Revenues should be used to compensate residents for higher energy prices as well as provide the funds for massive expansion of renewable energy, frequent, convenient, cheap public transit, clean goods movement, and other means to reduce pollution of all kinds, especially to address environmental justice concerns and likely disproportionate impacts on poor people and their neighborhoods.
- Any California permit trading system has to build in firm resistance to pressures to over-allocate quotas to businesses with lobby clout.
- Because there are huge problems in getting a trading system to cover transport, housing and small business, any overall state carbon reduction strategy also must include more potent means, such as regulation, taxing carbon and supporting conservation and efficiency.
- Trading should never be an excuse for distracting us from well known and highly effective policies such as renewable energy feed-in tariffs, zero emission vehicles, good transportation and smart urban planning. (Note: no trading system has yet actually reduced carbon emissions.)
- Any carbon cap should cover *all* carbon emissions related to California, including our purchases.
- Companies should not be allowed to buy cheap offsets overseas. Money paid for offsets should directly benefit Americans.

Thank you for your consideration.

Sincerely,

Kathy Seal  
FLIP (Friends for a Livable Planet)